

DEPARTMENTAL BUDGET INFORMATION

AUDITOR GENERAL (50)

STATEMENT OF PURPOSE

The Office of the Auditor General (OAG) is to act as an independent, full-service appraisal function to examine and evaluate the City's activities in order to improve the accountability for public funds and improve the operations of City government. The OAG promotes the economy, efficiency and effectiveness of City government and protect against fraud, waste and abuse by conducting independent audits, investigations and evaluations; by keeping the City Council and the Mayor fully and currently informed of our work; by committing to total quality; by adhering to the professional standards of the auditing profession; and by promoting an atmosphere of mutual trust, honesty and integrity among OAG staff and the people we serve.

DESCRIPTION

The Office of the Auditor General (OAG) performs audits of each City agency and prepares written reports which convey the resultant audit findings and recommendations to the City Council, the Mayor, and the management of each agency.

The OAG also performs special projects and other work, as requested by City Council, as initiated internally, or as required by City Code. Many of these projects result in formal reports or other communications to City Council. The Office also analyzes the Mayor's proposed City budget for City Council each fiscal year. The annual financial audits of the City and its Federal financial assistance programs are performed by outside auditors hired by the OAG.

The OAG has the responsibilities and authority stated in Section 4-205 of the Charter of the City of Detroit to make audits

of the financial transaction of all City agencies; to make a report of the financial position of the City after the close of each fiscal year; to investigate the administration and operation of City agencies; to settle all disputed claims in favor of or against the City as provided by ordinance, and to make reports to City agencies of irregularities of practice and erroneous accounting methods.

The OAG's primary responsibilities are the examination and evaluation of the adequacy and effectiveness of the City's system of internal control and the quality of performance in carrying out assigned responsibilities. This entails the following:

- A review of the reliability and integrity of financial and operating data and the means used to identify, measure, classify and report such information.
- A review of the systems established to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports.
- A review of the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- An appraisal of the economy and efficiency with which resources are employed.
- A review of operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operation or programs are being carried out as planned.

The OAG also annually evaluates the effectiveness of the City's overall risk management function, and performs biennial evaluations of the administration and effectiveness of risk management functions in each city agency.

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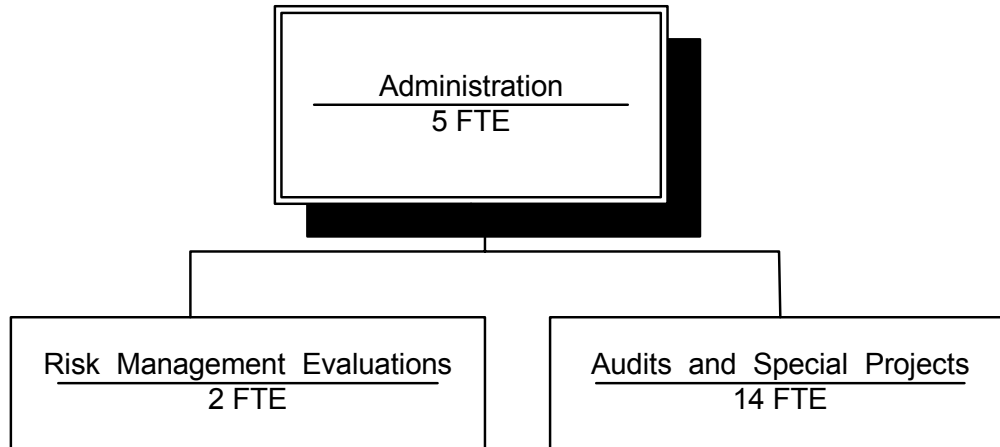
**MAJOR INITIATIVES FOR
FY 2005-2006 and FY 2006-2007**

The Office of the Auditor General's most important initiative planned for the fiscal year ending June 30, 2007 is to aggressively work to meet our Charter mandate of auditing every City department biennially. This mandate is increasingly important during times of increased risk due to limited resources and department downsizing and reorganization. Additional OAG initiatives include the completion of a comprehensive review of the City's risk management process, and the implementation of electronic audit working papers to gain greater audit efficiency within our department.

**PLANNING FOR THE FUTURE FOR
FY 2006-07, FY 2007-08 and BEYOND**

The Office of the Auditor General will continue to attract, train, supervise and motivate auditors, in order to meet our Charter mandates and the goals established for the year.

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PERFORMANCE GOALS, MEASURES AND TARGETS

Type of Performance Measure: List of Measures	2004-05 Actual	2005-06 Projection	2006-07 Target
Outputs: Units of Activity directed toward Goals			
Reports on Audits of Financial Transactions	6	16	19
Reports Issued	17	17	15
Claims hearing	82	81	81
Contract Reviews	71	9	2
Risk Management Evaluations	0	3	6

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	2004-05 Actual Expense	2005-06 Redbook	2006-07 Mayor's Budget Rec	Variance	Variance Percent
Salary & Wages	\$ 1,198,621	\$ 1,151,832	\$ 1,138,854	\$ (12,978)	-1%
Employee Benefits	701,702	665,726	825,908	160,182	24%
Prof/Contractual	576,693	385,735	526,000	140,265	36%
Operating Supplies	16,166	17,600	14,637	(2,963)	-17%
Operating Services	143,892	136,138	129,070	(7,068)	-5%
Capital Equipment	-	744	-	(744)	-100%
Fixed Charges	3,797	-	3,797	3,797	0%
Other Expenses	32,150	-	7,896	7,896	0%
TOTAL	\$ 2,673,021	\$ 2,357,775	\$ 2,646,162	\$ 288,387	12%
POSITIONS	16	23	21	(2)	-9%

REVENUES

	2004-05 Actual Expense	2005-06 Redbook	2006-07 Mayor's Budget Rec	Variance	Variance Percent
Sales & Charges	\$ 246,655	\$ 173,000	\$ 250,000	\$ 77,000	45%
Miscellaneous	1,076	-	-	-	0%
TOTAL	\$ 247,731	\$ 173,000	\$ 250,000	\$ 77,000	45%